



Gray Davis, Governor  
State of California  
Business, Transportation and Housing Agency

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September 30, 2003

Marlene S. Ma, Esq.  
Kaiser Foundation Health Plan, Inc.  
One Kaiser Plaza, 21<sup>st</sup> Floor  
Oakland, CA 94612

**RE: Enforcement Matter No. 03-119**

**LETTER OF AGREEMENT**

Dear Ms. Ma:

The Office of Enforcement of the California Department of Managed Health Care (the "Department") has concluded its investigation in the above-noted matter. The Department has concluded that there is sufficient evidence to support allegations that Kaiser Foundation Health Plan, Inc., ("Kaiser") has committed violations of the Knox-Keene Health Care Service Plan Act of 1975, as amended, (the "Knox-Keene Act") justifying the filing of an Accusation in this matter.

On August 31, 2001, the enrollee was admitted to a medical surgical unit at Kaiser South Sacramento. At about 5:45 a.m. and 8:00 p.m. on September 1, 2001, the enrollee fell twice. The enrollee passed away in the early morning hours of September 2, 2001, from "severe hemolytic anemia due to active systemic lupus."

On September 25, 2001, the enrollee's husband emailed a complaint to Kaiser regarding the care his wife received at Kaiser's South Sacramento Medical Center from August 31, 2001, through September 2, 2001. On September 26, 2001, Kaiser sent the enrollee's husband an acknowledgement of its receipt of the complaint, advised him that arbitration is available if he was unhappy with Kaiser's decision after an investigation. Health and Safety Code section 1368.02, subsection (b) requires specific language

regarding the Department be included "on every plan contract, on every evidence of coverage, on copies of plan grievance procedures, on plan complaint forms, and on all written notices to enrollees required under the grievance process of the plan, including any written communications to an enrollee that offer the enrollee the opportunity to participate in the grievance process of the plan and on all written responses to grievances." This letter failed to contain the required notice regarding the Department as required by Health and Safety Code section 1368.02, subdivision (b). Subsequent letters from Kaiser to the enrollee's husband dated October 8, 2001, and November 7, 2001, and relating to the enrollee's husband's grievance also did not include this mandated language.

Additionally, every health care service plan must resolve all grievances within 30 days. (Health & Saf. Code, § 1368.01(a).) However, Kaiser did not resolve the enrollee's husband's complaint within 30 days.

On December 5, 2001, Kaiser referred the case to its medical/legal department and subsequently to its peer review committee. However, the committees did not review the case until March and April 2002. Health and Safety Code section 1370 requires every health care service plan to establish procedures "for continuously reviewing the quality of care, performance of medical personnel, utilization of services and facilities, and costs." California Code of Regulations section 1300.70, subdivision (b)(2)(C), requires "[t]he plan's governing body, its QA committee, if any, and any internal or contracting providers to whom QA responsibilities have been delegated, shall each meet on a quarterly basis, or more frequently if problems have been identified, to oversee their respective QA program responsibilities." Although Kaiser received the enrollee's husband's complaint on September 25, 2001, the matter did not undergo review until March and April 2002, more than three months after its receipt.

Marlene Ma  
September 30, 2003  
Page 3

Based on the above facts, the Department finds that Kaiser has violated Health and Safety Code sections 1368.02, subdivision (b), Health and Safety Code section 1368.01, subdivision (a), Health and Safety Code section 1370, and California Code of Regulations, section 1300.70, subdivision (b)(2)(C). Pursuant to Health and Safety Code section 1386, subsections (a) and (b)(6), the Department assesses an administrative penalty against Kaiser in the amount of \$10,000.00. Kaiser has agreed to pay the penalty.

Sincerely,



G. Lewis Chartrand  
General Counsel

BAR/cna

**Accepted by Kaiser Foundation Health Plan, Inc.**

Dated: 10.9.2003



MARLENE S. MA  
Counsel  
Kaiser Foundation Health Plan, Inc.